

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIOA YOUTH PROGRAM REQUIREMENTS

**SUBJECT MATTER HIGHLIGHTS**

This policy provides guidance and establishes the procedures regarding the *Workforce Innovation and Opportunity Act* (WIOA) youth program, including the 75 percent out-of-school (OS) youth and 20 percent work experience minimum expenditure requirements.

**COMMENTS DUE**

**July 17, 2015**

Comments can be submitted through one of the following ways:

<b>Fax</b>	WSD, Attention: Melissa Williams at 916-654-9753
<b>E-Mail</b>	<a href="mailto:MelissaM.Williams@edd.ca.gov">MelissaM.Williams@edd.ca.gov</a> (Include "draft comments" in the subject line)
<b>Mail</b>	WSD / P.O. Box 826880 / MIC 50 / Sacramento, CA 94280-0001

All comments received by the end of the comment period will be considered before the final directive is issued. The Workforce Services Branch does not respond individually to each comment received. However, a summary of comments will be released with the final directive. **Comments received after the specified due date will not be considered.**

If you have any questions, contact Melissa Williams at 916-654-0205.

# WORKFORCE SERVICES DRAFT DIRECTIVE

Number: WSDD-117

Date: June 29, 2015

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIOA YOUTH PROGRAM REQUIREMENTS

## EXECUTIVE SUMMARY

### Purpose

This policy provides guidance and establishes the procedures regarding the *Workforce Innovation and Opportunity Act* (WIOA) youth program, including the 75 percent out-of-school (OS) youth and 20 percent work experience minimum expenditure requirements.

### Scope

This directive applies to Local Workforce Development Boards (local boards), Local Workforce Development Areas (local areas), and other recipients of WIOA funds.

### Effective Date

This directive is effective on the date of issuance.

## REFERENCES

- WIOA (Public Law 113-128) Sections 3, 107, 116, 123, 128, and 129
- *Workforce Investment Act* (WIA) (Public Law 105-220) Sections 101 and 129
- Title 2 *Code of Federal Regulations* (CFR) Chapter I, Chapter II, Part 200, et. al, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule" (Uniform Guidance)
- Title 2 CFR Part 2900 et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 20 CFR WIOA, "Notice of Proposed Rulemaking" (NPRM), Sections 681 and 683.215
- Training and Employment Guidance Letter (TEGL) [23-14](#), *WIOA Youth Program Transition* (March 26, 2015)
- TEGL [19-14](#), *Vision for the Workforce System and Initial Implementation of the WIOA* (February 19, 2015)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

- [TEGL 12-14](#), *Allowable Uses and Funding Limits of WIA Program Year (PY) 2014 funds for WIOA Transitional Activities* (October 28, 2014)
- [TEGL 13-09](#), *Contracting Strategies That Facilitate Serving the Youth Most In Need* (February 16, 2010)
- Workforce Services Directive (WSD) 14-9 Subject: *30 Percent Expenditure Requirement—Youth Formula Funds* (February 13, 2015)

## STATE-IMPOSED REQUIREMENTS

This directive does not contain any state-imposed requirements.

## FILING INSTRUCTIONS

Retain this directive until further notice.

## BACKGROUND

The WIOA Section 129 introduces key investments in OS youth and work experience. Specifically, it increases the minimum OS youth expenditure rate from 30 percent under WIA to 75 percent under WIOA, and introduces a 20 percent work experience expenditure requirement. Additionally, it adds new program elements, increasing the number of required youth program elements from 10 under WIA to 14 under WIOA.

Operational implementation of the WIOA youth program begins July 1, 2015, with all provisions taking effect July 1, 2016. Local areas should use their PY 2015-16 WIOA youth formula funds to properly align their youth programs and services in preparation for full WIOA youth program implementation effective July 1, 2016.

## POLICY AND PROCEDURES

### Youth Eligibility Criteria

The WIOA section 129(a)(1) provides new eligibility criteria for the WIOA youth program. To be eligible to participate in the WIOA youth program, an individual must be an OS youth or an in-school (IS) youth.

Youth enrolled beginning July 1, 2015 must meet the new eligibility criteria. On July 1, 2015, all WIA youth participants who are still enrolled in the WIA youth program must be grandfathered into the WIOA youth program, even if the participant would not otherwise be eligible for WIOA. Local youth programs are not required to complete an eligibility re-determination if the participant has been determined eligible and enrolled under WIA. Furthermore, these participants must be allowed to complete the WIA services specified in their individual service strategy. Additional guidance will be issued to provide more detail on the new eligibility criteria as it is released by the Department of Labor.

### OS Youth Eligibility

In order to receive services as an OS youth, an individual must meet the following eligibility criteria:

- Not attending any school (as defined by state law),
- Age 16-24 years old, and
- One or more of the following:
  - A school dropout;
  - A youth who is within the age of compulsory school attendance, but has not attended school for at least the most recent complete school year calendar quarter. (Note that, “school year quarter” is defined by the local school district calendar);
  - A recipient of a secondary school diploma or its recognized equivalent who is a low-income individual and is either basic skills deficient or an English language learner;
  - An individual who is subject to the juvenile or adult justice system;
  - A homeless individual, a runaway, an individual who is in foster care or has aged out of the foster care system, a child eligible for assistance under section 447 of the *Social Security Act*, or an individual who is in an out-of-home placement;
  - An individual who is pregnant or parenting;
  - An individual with a disability; or
  - A low-income individual who requires additional assistance to enter or complete and educational program or to secure or hold employment.

(Reference: WIOA Section 129[a][1][B])

A youth participant’s eligibility is determined at intake; therefore, the youth remains eligible for youth services until exited. For example, an individual who is an OS youth at time of enrollment and is subsequently placed at an alternative school, or any school, is still considered an OS youth. Additionally, an individual who is an OS youth and between the ages of 16-24 at the time of enrollment, and is now beyond the age of 24, is still considered an OS youth until exited.

### IS Youth Eligibility

In order to receive services as an IS youth, an individual must meet the following eligibility criteria:

- Attending school (as defined by law), including secondary and post-secondary schools;
- Age 14-21 years old;
- Low income; and
- Meets one or more of the following criteria:
  - Basic skills deficient;
  - An English language learner;
  - An offender

- A homeless individual, a runaway, an individual who is in foster care or has aged out of the foster care system, a child eligible for assistance under section 447 of the Social Security Act, or an individual who is in an out-of-home placement;
- Pregnant or parenting;
- Individual with disability; or
- An individual who requires additional assistance to complete an educational program or secure and hold employment.

(Reference: WIOA Section 129[a][1][C])

A youth participant's eligibility is determined at intake; therefore, the youth remains eligible for youth services until exited. For example, an individual who is an IS youth and between the ages of 16-21 at the time of enrollment, and is now beyond the age of 21, is still considered an IS youth until exited.

Note that, the definition of low income under WIOA is expanded to include youth who are eligible for a free or reduced price lunch under the Richard B. Russell National School Lunch Act, and youth who live in a high-poverty area. (Title 20 CFR NPRM Sections 681.250[d] and 681.260)

### Out-of-School Youth

The WIOA shifts the primary focus of youth formula funds to support the educational and career success of OS youth.

### *OS Youth Expenditure Requirement*

Local areas must spend at least 75 percent of their WIOA youth formula allocation on youth workforce investment activities on OS youth (WIOA Section 129[a][4]). The OS youth expenditure rate is calculated after subtracting funds spent on administrative costs.

The following example illustrates how a local board would calculate its 75 percent OS youth expenditure requirement:

Youth Formula Allocation	Administration Costs	Youth Program Expenditure	75 Percent Requirement
\$2,000,000	\$180,000	\$1,820,000	\$1,365,000

In this example, the local area's OS youth expenditure requirement is \$1,365,000. The local area received \$2 million and spent \$180,000 or nine percent ( $2,000,000 \times .09$ ) on administration costs. The remaining \$1,820,000 ( $2,000,000 - \$180,000$ ) is subject to the 75 percent OS youth expenditure requirement. Therefore, the local area would be required to spend at least \$1,365,000 ( $\$1,820,000 \times .75$ ) on OS youth.

Some local areas may not be immediately prepared to spend at least 75 percent of their PY 2015-16 youth funds on OS youth. These local areas must demonstrate progress towards meeting the requirement through increased expenditures on OS youth compared to PY 2014-

15 youth expenditures. Specifically, by June 30, 2016, local areas must increase their PY 2015-16 OS youth expenditures by at least 10 percentage points over their PY 2014-15 OS youth expenditures, and have a minimum OS youth expenditure rate of 50 percent.

The following table and examples illustrate how a local board would calculate their required increase in OS youth expenditures:

PY 2014-15 OS youth expenditure rate	First year PY 2015-16 expenditure requirement
> 40%	Must increase by 10 percentage points
< 40%	Must increase to at least 50%

#### Example: Required 10 Percentage Point Increase

Funding Year	Youth Formula Allocation	Administration Costs	Youth Program Expenditure	OS Youth Percentage	OS Youth Expenditure
PY 2014-15	\$1,000,000	\$90,000	\$910,000	50%	\$455,000
PY 2015-16	\$1,200,000	\$108,000	\$1,092,000	60%	\$655,200

In this example, the local area received a PY 2014-15 youth formula allocation of \$1 million. The local area spent \$455,000 or 50 percent ( $\$910,000 \times .50$ ) of its program expenditures on OS youth. The local area received a PY 2015-16 youth formula allocation of \$1.2 million. Since the local area had a PY 2014-15 OS youth expenditure rate of 50 percent, it must increase its PY 2015-16 OS youth expenditure rate at least 10 percentage points to at least 60 percent or \$655,200 ( $\$1,092,000 \times .60$ ).

#### Example: Required 50 Percent Minimum Expenditure

Funding Year	Youth Formula Allocation	Administration Costs	Youth Program Expenditure	OS Youth Percentage	OS Youth Expenditure
PY 2014-15	\$1,000,000	\$90,000	\$910,000	30%	\$273,000
PY 2015-16	\$1,200,000	\$108,000	\$1,092,000	50%	\$546,000

In this example, the local area received a PY 2014-15 youth formula allocation of \$1 million. The local area spent \$273,000 or 30 percent ( $\$910,000 \times .30$ ) of its program expenditures on OS youth. The local area received a PY 2015-16 youth formula allocation of \$1.2 million. Since the local area had a PY 2014-15 OS youth expenditure rate of 30 percent, it must increase its PY 2015-16 OS youth expenditure rate to at least 50 percent or \$546,000 ( $\$1,092,000 \times .50$ ).

Beginning with the PY 2016-17 youth funds, local areas will be required to meet the full 75 percent OS youth expenditure requirement.

The Employment Development Department (EDD) will calculate PY 2015-16 OS youth expenditures after the end of the first program year of the two year availability of the funds

(i.e., June 30, 2016), and will provide the figure to each local area by September 30, 2016. If a local area did not meet the 75 percent expenditure rate with their PY 2015-16 youth funds, the local area must submit a corrective action plan to their assigned Regional Advisor by December 31, 2016. The corrective action plan is available as Attachment 1 to this directive and must include the following information:

- How the local area plans to meet the 75 percent OS youth expenditure rate with their PY 2016-17 youth formula funds.
- Strategies the local area has taken to secure contractors, establish partnerships, and transition their youth program focus from in-school (IS) youth to OS youth.

Local areas must submit their corrective action plan as follows:

Mail: ATTN: (Name of Regional Advisor)  
Workforce Service Division, MIC 50  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

Courier: ATTN: (Name of Regional Advisor)  
Workforce Services Division, MIC 50  
Employment Development Department  
722 Capitol Mall, Room 5099  
Sacramento, CA 95814

FAX: 916-657-0055, Attn: (Name of Regional Advisor)

### *Recruiting OS Youth*

Some local areas may be currently serving low numbers of OS youth. These local areas should use the first year of WIOA implementation (i.e., July 1, 2015, through June 30, 2016) to align their youth program design to start increasing recruitment and outreach to move towards meeting the 75 percent OS youth expenditure requirement. For tips and best practices regarding outreach and recruiting OS youth, see TEG [23-14](#), *WIOA Youth Program Transition*, and Attachment 2, Outreach and Recruitment of Out-of-School Youth.

### *WIA 30 Percent Requirement*

The WIA 30 percent OS youth expenditure requirement still applies to local areas serving OS youth with WIA funds. The OS youth expenditure rates are tracked and reported on a specific program year's allocation. For the PY 2014-15 WIA youth formula allocation, the 30 percent OS youth expenditure minimum will still apply. Local areas can refer to Workforce Services Directive [WSD14-9](#) for policies related to the 30 percent OS youth expenditure requirement.

### Work Experience

The WIOA places a priority on providing youth with occupational learning opportunities through work experience.

### *Work Experience Criteria*

Work experience provides IS and OS youth an invaluable opportunity to develop work place skills. Allowable work experience activities have an academic and occupational education component, can be paid or unpaid, and include, but are not limited to, the following:

- Summer employment opportunities and other employment opportunities available throughout the school year;
- Pre-apprenticeship programs;
- Internships and job shadowing; and
- On-the-job training opportunities.

Youth formula funds may be used to pay wages and related benefits for work experience in the public, private, for-profit or non-profit sectors when the participant's objective assessment and individual service strategy indicate that a work experience is appropriate.

Additionally, youth formula funds may be used to pay wages and staffing costs for the development and management of work experience. Staff costs incurred for the functions and activities directly serving participants may count as program costs (e.g., the development of an employer contract, work site visits, and case management).

Local boards must establish local policies regarding work experience. At a minimum, these policies need to define the following:

- The duration of the work experience assignment;
- Limitations on the number of hours; and
- Appropriate incentives and stipends, including limitations on the types and dollar amount.

### *Work Experience Expenditure Requirement*

Local areas must spend at least 20 percent of their WIOA youth formula allocation on work experience (WIOA Section 129[c][4]). The work experience expenditure rate is calculated after subtracting funds spent on administrative costs. Additionally, the expenditure rate is not applied separately for IS youth and OS youth.

The following example illustrates how a local area would calculate its 20 percent work experience expenditure requirement:

Youth Formula Allocation	Administration Costs	Youth Program Expenditure	20 Percent Work Experience Requirement
\$2,000,000	\$180,000	\$1,820,000	\$364,000



In this example, the local area's work experience expenditure requirement is \$364,000. The local area received \$2 million and spent \$180,000 or nine percent ( $\$2,000,000 \times .09$ ) on administration costs. The remaining \$1,820,000 ( $\$2,000,000 - \$180,000$ ) is subject to the 20 percent work experience expenditure requirement. Therefore, the local area would be required to spend at least \$364,000 ( $\$1,820,000 \times .20$ ) on work experience for IS youth and OS youth.

#### *State Technical Assistance*

The EDD will calculate PY 2015-16 work experience expenditures after the end of the first program year of the two year availability of the funds (i.e., June 30, 2016), and will provide the results of these interim calculations to each local area and their Regional Advisor by September 30, 2016. The Regional Advisor will assist any local area that appears to be in jeopardy of not meeting the 20 percent work experience expenditure requirement by the end of the funding period.

#### Calculating Out-of-School Youth and Work Experience Expenditures

The local area's OS youth and work experience expenditure rates are tracked for a specific program year youth allocation. The EDD will determine whether local areas met their expenditure requirements upon completion of expenditures of all funds in the specific program year's youth allocation as follows:

Each local area's total youth allocation is issued as a subgrant under grant code 301. This amount is located on Line I item 5 of the Summary of WIA Expenditures and Summary of WIOA Expenditures Report for Grant Code 301. At the end of the two-year life of the youth formula funds, the total allocation is adjusted by subtracting the actual administration costs (Line III item 3) reported on the June 30 expenditure report for Grant Code 301. The remaining dollar amount for a local area that fully spent its allocation (which is equal to the program dollars spent shown on Line V item 3) is the amount upon which the 75 percent OS youth and 20 percent work experience expenditure requirement will be based. The amount reported for OS youth (Line V, item 2) must be at least 75 percent of the total program expenditures (Line V, item 3). The amount reported for work experience (Line V item 3b) must be at least 20 percent of the total program expenditures (Line V, item 3).

#### In-School Youth

Under WIOA, fewer resources are available to serve IS youth; therefore local areas should identify resources and/or establish partnerships with youth providers that can provide services to IS youth. Local boards, in collaboration with youth standing committees, may consider leveraging resources and establishing partnerships to continue serving IS youth that are cost effective, and reach more students.

#### *Transitioning WIA IS Youth Participants*

Local areas may still be serving large numbers of IS youth as they transition into WIOA on July 1, 2015. Although there is a shift in emphasis under WIOA to OS youth, local areas should not prematurely exit WIA IS youth from the program.

Local areas may opt to use a portion of their remaining PY 2014-15 funds for services to IS youth in order to assist them in successfully completing the program, while focusing PY 2015-16 funds on OS youth, consistent with the minimum 75 percent OS youth expenditure requirement on OS youth.

#### Youth Standing Committee

Youth councils are not required under WIOA; however local boards may continue to operate a youth council as a standing committee. A youth standing committee could serve to provide information and to assist with planning, policy development and oversight of youth activities, programs, local initiatives, and other issues relating to the provision of services to youth.

An existing youth council may be designated as the youth standing committee or a local board may design a youth standing committee to meet the needs of the local area's youth program. If a local board does not establish a youth committee, the local board is still responsible for conducting the oversight of youth activities under WIOA Section 129(c) and identifying eligible providers of youth workforce investment activities in the local area by awarding grants or contracts on a competitive basis.

Local boards that choose to design a new standing youth committee are reminded that the membership must include (1) a member of the local board, who must chair the committee, (2) members of community based organizations with a demonstrated record of success in serving eligible youth, and (3) other individuals with appropriate expertise and experience who are not members of the local board. The committee may also include parents, participants, and youth.

(References: WIOA Section 107[b][4][A][ii] and 20 CFR NPRM Sections 681.100 - 681.120)

#### Procurement of WIOA Youth Service Providers

As required in WIOA Section 123, local boards must award youth service provider contracts through a competitive process. This competitive process must meet the procurement guidelines specified in Title 2 CFR parts 200 and 2900.

As local boards transition from WIA to WIOA, they must ensure Request for Proposals (RFPs) and youth service provider contracts incorporate the new WIOA youth provisions, (e.g., new eligibility requirements for IS and OS youth, increased expenditure requirements for OS youth and work experience, and the five new program elements). In order to implement these provisions, local areas may either undergo a contract modification with their existing providers, if permissible, or procure new service providers. Since youth enrolled beginning July 1, 2015, must meet the new WIOA eligibility criteria, local boards must ensure they have modified existing contracts and/or procured new youth service providers by July 1, 2015, to accommodate the new eligible WIOA youth participants. If a local area procures new youth service providers, the state encourages the use of one-year contracts which may contain additional option years, rather than multi-year contracts, to ensure maximum flexibility during WIOA Implementation.

Local boards may opt to retain current WIA youth service contracts temporarily for various reasons (e.g., the contract does not include a clause that allows for modifications to conform to new legislation, regulations, or requirements, etc.). The State Board and EDD would like to provide local boards adequate time to transition to the new WIOA requirements, and therefore will allow local boards to retain current WIA youth service contracts through PY 2016-17. However, **local boards must ensure that all RFPs and youth service provider contracts incorporate the new WIOA provisions by July 1, 2017.**

### Program Elements

The WIOA Section 129(c)(2) includes 14 program elements, which include the original ten program elements under WIA (which have been consolidated to nine as the summer employment opportunities program element is now a sub-element under paid and unpaid work experiences) and five new program elements. The five new program elements are (1) financial literacy, (2) entrepreneurial skills training, (3) services that provide labor market and employment information about in-demand industry sectors or occupations available in the local areas, (4) activities that help youth prepare for and transition to post-secondary education and training, (5) and education offered concurrently with and in the same context as workforce preparation activities and training for specific occupation or occupational clusters. The following is a complete list of the 14 required program elements:

1. Tutoring, study skills training, and evidence-based dropout prevention and recovery strategies that lead to completion of secondary school diploma or its recognized equivalent or for a recognized post-secondary credential.
2. Alternative secondary school services, or dropout recovery services, as appropriate.
3. Paid and unpaid work experiences that have academic and occupational education as a component of the work experience, including the following:
  - Summer employment opportunities and other employment opportunities available throughout the school year;
  - Pre-apprenticeship programs;
  - Internships and job shadowing;
  - On-the-job training opportunities;
4. Occupational skill training, which includes priority consideration for training programs that lead to recognized post-secondary credentials that align with in-demand industry sectors or occupations
5. Education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster
6. Leadership development opportunities, including community service and peer-centered activities encouraging responsibility, and other positive social and civic behaviors
7. Supportive services
8. Adult mentoring for a duration of at least 12 months that may occur both during and after program participation
9. Follow-up services for not less than 12 months after the completion of participation
10. Comprehensive guidance and counseling, including drug and alcohol abuse counseling, as well as referrals to counseling, as appropriate to the needs of the individual youth
11. Financial literacy education

12. Entrepreneurial skills training
13. Services that provide labor market and employment information about in-demand industry sectors or occupations available in the local area, such as career awareness, career counseling, and career exploration services
14. Activities that help youth prepare for and transition to post-secondary education and training

Local areas are not required to provide the 14 required elements to each participant. Local areas have the flexibility to determine what specific services a youth will receive based upon the youth's assessment and service strategy. Local boards, however, must ensure that all 14 program elements are available in their local area.

#### Program Design

The WIOA enhances the youth program design through an increased emphasis on individual participant needs by adding new components and incorporating career pathways to the objective assessment and individual service strategy. Additionally, the WIOA requires that the individual service strategy be directly linked to one or more of the performance indicators. A program design framework is an essential step in helping local areas develop comprehensive service strategies based upon individual needs. Local boards, in collaboration with a youth standing committee, can provide direction and leadership to assist local youth programs on improving the quality and effectiveness of youth services. A program design framework consists of an objective assessment, an individual service strategy, case management, and follow-up services that lead toward successful outcomes for youth participants (WIOA Section 129[c][1]).

#### **ACTION**

Bring this directive to the attention of staff and other relevant parties.

#### **INQUIRIES**

If you have any questions concerning this directive, please **contact** your assigned [Regional Advisor](#) at 915-654-7799.

/S/ JOSÉ LUIS MÁRQUEZ, Chief  
Central Office Workforce Services Division

Attachments are available on the Internet:

1. [OS Youth Expenditure Requirement Corrective Action Plan](#) (file format: MS WORD or PDF)
2. [Outreach and Recruitment of OS Youth](#) (file format: PDF)